

**RIFE RESOURCES MANAGEMENT LTD.**

**AND**

**RIFE RESOURCES LTD.**

**AND**

**FREEHOLD ROYALTIES LTD.**

**AND**

**1872348 ALBERTA LTD. IN ITS CAPACITY AS TRUSTEE OF FREEHOLD  
HOLDINGS TRUST**

**AND**

**FREEHOLD ROYALTIES PARTNERSHIP**

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**FOURTH AMENDED AND RESTATED  
MANAGEMENT AGREEMENT**

**Dated November 9, 2015**

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**FOURTH AMENDED AND RESTATED  
MANAGEMENT AGREEMENT**

THIS AMENDED AND RESTATED AGREEMENT made the 9<sup>th</sup> day of November, 2015.

AMONG:

**RIFE RESOURCES MANAGEMENT LTD.**, a body corporate continued under the *Canada Business Corporations Act* (hereinafter called "**Manager**")

- and -

**RIFE RESOURCES LTD.**, a body corporate incorporated under the *Canada Business Corporations Act* (hereinafter called "**Rife**")

- and -

**FREEHOLD ROYALTIES LTD.**, a body corporate incorporated under the *Business Corporations Act* (Alberta) (hereinafter called "**Corporation**")

- and -

**1872348 ALBERTA LTD.**, a body corporate incorporated under the *Business Corporations Act* (Alberta) in its capacity as trustee of Freehold Holdings Trust, a trust formed pursuant to the laws of Alberta pursuant to the FHT Indenture, as amended (hereinafter called "**FHT Trustee**")

- and -

**FREEHOLD ROYALTIES PARTNERSHIP**, a general partnership formed under the laws of the Province of Alberta (hereinafter called "**Partnership**")

**WHEREAS** the Manager, Purchaser and Montreal Trust Company of Canada, as predecessor to the Trustee, entered into a Management Agreement dated November 25, 1996 (the "**Original Management Agreement**") whereby the Manager agreed to manage and administer: (i) the interests in oil and natural gas properties purchased by Purchaser pursuant to the Initial Purchase Agreements, (ii) the Resources Royalty, (iii) any Additional Properties acquired by Purchaser pursuant to Future Acquisitions, (iv) the HB Lands Royalties acquired by the Trust pursuant to the HB Lands Royalties Purchase and Sale Agreement; and (v) any Additional Royalties acquired by the Trust pursuant to Future Royalty Acquisitions, all subject to and in accordance with the provisions of the Original Management Agreement;

**AND WHEREAS** the Manager, Purchaser, and Trustee entered into an Amended and Restated Management Agreement (the "**First Amended and Restated Management Agreement**") dated May 10, 2006 whereby the Manager, Purchaser and Trustee agreed to amend and restate the Original Management Agreement;

**AND WHEREAS** the Manager, Corporation, Purchaser and Partnership entered into an Amended and Restated Management Agreement (the "**Second Amended and Restated Management Agreement**") dated January 1, 2011 whereby the Manager, Corporation, Purchaser and Partnership agreed to amend and restate the First Amended and Restated Management Agreement;

**AND WHEREAS** the Manager, Corporation, FHT Trustee and Partnership entered into an Amended and Restated Management Agreement (the "**Third Amended and Restated Management Agreement**") dated January 23, 2015 whereby the Manager, Corporation, FHT Trustee and Partnership agreed to amend and restate the Second Amended and Restated Management Agreement;

**AND WHEREAS** Purchaser delegated certain aspects of the management and administration of the affairs of Purchaser to Manager subject to and in accordance with the provisions of the Original Management Agreement and the First Amended and Restated Management Agreement;

**AND WHEREAS** Trustee delegated certain aspects of the management and administration of the affairs of the Trust to Manager subject to and in accordance with the provisions of the Original Management Agreement and the First Amended and Restated Management Agreement;

**AND WHEREAS** Purchaser and Trustee agreed to each pay their respective portion of the Management Fee and General and Administrative Costs incurred by Manager for the services provided by Manager to the Purchaser or the Trustee, as the case may be, all as more particularly described in the Original Management Agreement and the First Amended and Restated Management Agreement;

**AND WHEREAS** pursuant to a plan of arrangement (the "**Arrangement**") under the *Business Corporations Act* (Alberta) ("**ABCA**") the Trust was dissolved and all of the assets of the Trust were transferred to the Corporation and all of the liabilities of the Trust were assumed by the Corporation and thereafter substantially all of the assets of the Purchaser and the Corporation were transferred to the Partnership;

**AND WHEREAS** pursuant to a restructuring (the "**Restructuring**") FHT became a partner of the Partnership and the Purchaser, as a wholly-owned subsidiary of the Corporation, amalgamated with the Corporation such that following such restructuring, FHT and the Corporation are the partners of the Partnership with the Corporation as the managing partner of the Partnership;

**AND WHEREAS** it was considered appropriate to add Rife as a party to the Fourth Amended and Restated Management Agreement;

**AND WHEREAS** the Manager, Rife, Corporation, FHT Trustee and Partnership have agreed to amend certain of the terms of the Third Amended and Restated Management Agreement as reflected in this Fourth Amended and Restated Management Agreement;

**NOW THEREFORE, THIS AGREEMENT WITNESSETH** that in consideration of the covenants herein contained, the Parties hereby agree as follows:

## ARTICLE 1 INTERPRETATION

### 1.1 Definitions

In this Agreement, including this Article and the recitals, the following words and expressions shall have the meanings set forth below:

"**Additional Properties**" means the working, royalty or other interests in any Petroleum and Natural Gas Rights, Tangibles and Miscellaneous Interests that may be acquired by the Corporation, FHT or the Partnership at any time subsequent to the Closing;

"**Additional Royalties**" means royalty interests (other than the HB Lands Royalties and the Resources Royalty) in Petroleum Substances which may be acquired by the Corporation, FHT or the Partnership from time to time;

"**Affiliates**" has the meaning ascribed thereto in the *Business Corporations Act*, Alberta and "**Affiliated**" has a commensurate meaning;

"**Agreement**", "herein", "hereto" "hereof" and similar expressions refer to this Agreement and any agreement amending this Agreement;

"**Applicable Operating Procedure**" means, in relation to a Property, the Canadian Association of Petroleum Landmen Operating Procedure, unit operating agreement, agreement for the construction, ownership and operation of a facility or similar operating procedure or agreement which governs operations by the Corporation and Third Parties which relate to such Property;

"**Asset Exchange**" means (a) with respect to the Corporation, FHT or the Partnership, a transaction by which the Corporation, FHT or the Partnership transfers and assigns its interests in Petroleum and Natural Gas Rights and related Tangibles and Miscellaneous Interests in exchange for other interests in Petroleum and Natural Gas Rights and related Tangibles and Miscellaneous Interests and which may or may not also include the payment or receipt of cash by the Corporation, FHT or the Partnership; and (b) with respect to the Corporation, FHT or the Partnership, a transaction by which the Corporation, FHT or the Partnership, respectively, transfers and assigns its interests in royalties, whether the HB Lands Royalties or Additional Royalties, in exchange for other Additional Royalties and which may or may not also include the payment or receipt of cash by the Corporation, FHT or the Partnership;

"**Asset Value**" means, for any property at any time, the present worth of all of the estimated future pre-tax net cash flow from the Proved Reserves and 50% of the estimated future pre-tax net cash flow from the Probable Reserves shown in the most recent engineering report relating to such property, discounted at 15% and using escalating price and cost assumptions;

"**Board**" means the board of directors of the Corporation;

"**Canpar**" means Canpar Holdings Ltd.;

"**Change of Control**" means

- (a) the purchase or acquisition of any Common Shares by a person or a group of persons acting jointly or in concert, or persons Affiliated with any such person or group of persons (collectively, a "**Holder**") which results in the Holder beneficially owning, or exercising control or direction over, more than 50% of the outstanding Common Shares;
- (b) an amalgamation, arrangement, merger or business combination of the Corporation with any other corporation or entity other than an Affiliate of the Corporation in which persons (other than the shareholders of the Corporation immediately prior to such transaction) (A) own, after the transaction, more than 50% of the votes attaching to securities of the successor or continuing corporation or other entity which may be cast to elect directors of that corporation or other entity or (B) have the right (by contract or otherwise) to elect a majority of the directors of the Corporation or its successor; or
- (c) the sale or other disposition of all or substantially all of the assets of the Corporation;

"**Common Shares**" means the common shares in the capital of the Corporation;

"**Contract Services Agreement**" means the agreement executed concurrently with the Original Management Agreement pursuant to which Rife Resources Ltd. will provide the Manager with all necessary personnel, equipment and facilities required to provide management and operational services to the Corporation, FHT and the Partnership on a cost recovery basis;

"**Current Market Price**" means, on any date, the volume weighted average trading price per Common Share for the 5 consecutive trading days ending three trading days before that date (as adjusted for any share dividend, split, combination or reclassification that took effect during such 8 trading day period) and if trading occurred on more than one securities exchange or market, the exchange or market with the greatest volume of trading in such security during such 5 trading day period. If such price is not capable of being determined pursuant to the preceding sentence, the Current Market Price means the fair market value of a Common Share as determined in good faith by the Board with the consent of the Manager;

"**Development Operation**" means any activity related to the Properties, the purpose of which is to exploit or delineate a known accumulation of Petroleum Substances, including, without limitation:

- (a) drilling, completing, equipping, deepening, plugging-back, side-tracking, acidizing, fracturing, treating, testing or abandoning a development well and other similar operations;
- (b) waterflood, miscible flood and other secondary and tertiary recovery operations;
- (c) constructing Facilities;
- (d) participating in a seismic or other geophysical or geological study for purposes of exploiting or delineating a known accumulation of Petroleum Substances; or
- (e) acquiring Tangibles or Miscellaneous Properties or interests therein, other than as a part of an Acquisition;

"**Disposition**" means a surrender, sale, exchange, assignment, farm-out, mortgage, pledge, charge, grant of a security interest or other disposition and "Dispose" means to effect a Disposition;

"**Exploration Operation**" means drilling an exploratory well, or conducting a geological or geophysical study (including a seismic program) for purposes of locating accumulations of Petroleum Substances which have not previously been located;

"**Executive Employee**" means any president, vice-president, chief executive officer, chief financial officer or person performing a similar role as any of the foregoing with Manager or Rife;

"**FHT**" means Freehold Holdings Trust, a trust formed pursuant to the laws of Alberta pursuant to FHT Indenture, as amended;

"**FHT Indenture**" means the trust indenture dated as of January 23, 2015 between the FHT Trustee and Carolyn Wright as the initial unitholder;

"**Future Acquisition**" means an Acquisition which, if the Corporation, FHT or the Partnership participates therein, will satisfy the requirements of Section 2.9 of the Resources Royalty Agreement;

"**Future Royalty Acquisition**" means an acquisition of Additional Royalties of the nature of HB Lands Royalties, from Canpar or others which, if the Corporation, FHT or the Partnership participates therein, would satisfy the requirements of Sections 5.1 and 5.2 herein;

"**General and Administrative Costs**" means the amount in aggregate, but without duplication, representing all expenditures and costs incurred by the Manager in respect of the management and administration of the Corporation, FHT, the Partnership, the HB Lands Royalties and Additional Royalties pursuant hereto including, without limitation (a) all amounts paid to Rife Resources Ltd. pursuant to the Contract Services Agreement; (b) all reasonable costs and expenses paid by the Manager on behalf of the Corporation, FHT, the Partnership or their affiliates; and (c) the costs and expenses of auditing, accounting, bookkeeping, equipment, rent and other leasehold expenses, legal, land administration, engineering, travel, telephone, data processing, reporting, executive and management time, and salaries;

"**Governance Agreement**" means the governance agreement between the Manager and the Corporation dated as of December 31, 2010;

"**HB Lands**" means the lands from which the HB Lands Royalties are derived;

"**HB Lands Royalties**" means the royalties acquired by the Trust from Canpar pursuant to the HB Lands Royalties Purchase and Sale Agreement;

"**HB Lands Royalties Purchase and Sale Agreement**" means the purchase and sale agreement dated the date of the Original Management Agreement between Canpar and the Trustee for and on behalf of the Trust providing for the purchase by the Trust from Canpar of the HB Lands Royalties;

"**Incentives**" means governmental credits, incentives and grants, including ARTC;

"**Initial Public Offering**" means the initial public offering of Trust Units pursuant to the Prospectus;

"**Management Fee**" means the fee payable to Manager pursuant to Section 7.1;

"**Management Period**" means the period during which Manager shall serve as manager under this Agreement, which is the period commencing on the date of the Original Management Agreement and continuing until terminated in accordance with Article 8;



"**Manager**" means Rife Resources Management Ltd. or its successor under this Agreement;

"**Material Contracts**" means the HB Lands Royalties Purchase and Sale Agreement, this Agreement and the Governance Agreement, each as amended or replaced from time to time, and any Underwriting Agreement, management agreement, unanimous shareholder agreement or other agreement entered into for the purpose of the Corporation, FHT or the Partnership making any subsequent investment;

"**Offering**" means any issuance or offering of Common Shares or debentures, notes or other evidences of indebtedness or other securities or any rights, warrants, special warrants, subscription receipts or other securities to purchase, convert into or exchange into Common Shares or debentures, notes, other evidences of indebtedness or other securities of the Corporation, on a public or private basis in Canada or elsewhere;

"**Offering Documents**" means any one or more of a prospectus, information memorandum, private placement memorandum, subscription agreement and similar public or private offering document;

"**Operator**" means, in relation to a Property, the Person who is operator thereof pursuant to the Applicable Operating Procedure;

"**Partnership Agreement**" means the Partnership Agreement with respect to the formation of the Partnership dated June 1, 1999, and as amended and restated on January 23, 2015, as further amended from time to time;

"**Party**" means a party to this Agreement;

"**Prime Rate**" means the rate of interest, expressed as a rate per annum, designated by the main branch in Calgary of Canadian Imperial Bank of Commerce from time to time as the reference rate used by it to determine rates of interest charged by it on Canadian dollar loans made in Canada and which is announced by such bank as its prime rate from time to time, provided that whenever such bank publicly announces a change in such reference rate, the "Prime Rate" shall be such new rate (expressed as a rate per annum) from and after the time of such announcement and similar changes to the "Prime Rate" shall be made on each subsequent occasion that such bank announces a change in such reference rate;

"**Prospectus**" means the final prospectus for the initial public offering of Trust Units dated November 14, 1996;

"**Purchaser**" means Freehold Resources Ltd.;

"**Quarter**" means a calendar quarter;

"**Quarterly Management Fee Payment**" means:

- (a) in respect of each Quarter beginning after December 31, 2010 and before November 27, 2016, that number of Common Shares which is equal to the number obtained by multiplying 20,000 Common Shares by the fraction the numerator of which is the number of Common Shares issued and outstanding at the end of such Quarter (excluding all Common Shares issued to the Manager as part of the Management Fee and Common Shares issued pursuant to the Arrangement in exchange for Trust Units issued to the Manager as part of the Management Fee and all Trust Units issued pursuant to the "Trust Unit Option Plan" as defined in the Prospectus prior to the Arrangement) and the denominator of which is 26,400,000;

- (b) in respect of each Quarter beginning after November 26, 2015 and before November 27, 2016, that number of Common Shares that is the lesser of (i) the number of Common Shares calculated in accordance with subsection (a) of this definition and (ii) 71,912;
- (c) in respect of each Quarter beginning on or after November 27, 2016 and before November 27, 2019, that number of Common Shares that is the lesser of (i) 55,000 and (ii) that number equal to \$1,045,000 divided by the Current Market Price on the date the Quarterly Management Fee Payment is due;
- (d) in respect of each Quarter beginning on or after November 27, 2019 and before November 27, 2020, that number of Common Shares that is the lesser of (i) 41,250 and (ii) that number equal to \$783,750 divided by the Current Market Price on the date the Quarterly Management Fee Payment is due;
- (e) in respect of each Quarter beginning on or after November 27, 2020 and before November 27, 2021, that number of Common Shares that is the lesser of (i) 27,500 and (ii) that number equal to \$522,500 divided by the Current Market Price on the date the Quarterly Management Fee Payment is due;
- (f) in respect of each Quarter beginning on or after November 27, 2021 and before November 27, 2022, that number of Common Shares that is the lesser of (i) 13,750 and (ii) that number equal to \$261,250 divided by the Current Market Price on the date the Quarterly Management Fee Payment is due; and
- (g) in respect of each Quarter beginning on or after November 27, 2022, that number of Common Shares that is the lesser of (i) 5,500 and (ii) that number equal to \$104,500 divided by the Current Market Price on the date the Quarterly Management Fee Payment is due;

"**Rife**" means Rife Resources Ltd.;

"**Resources Royalty**" means the royalty granted by Purchaser to the Trust pursuant to the Resources Royalty Agreement;

"**Resources Royalty Agreement**" means the agreement regarding the creation and sale of the Resources Royalty dated the date of the Original Management Agreement between Purchaser and Trustee for and on behalf of the Trust;

"**Shareholders**" means the holders of Common Shares;

"**Third Party**" means any Person other than the Corporation, Partnership, Manager or FHT;

"**Transferred Information**" means any personal information disclosed or conveyed to the Corporation or any of its representatives or agents by or on behalf of Manager or Rife as a result of or in conjunction with section 8.9, and includes all such personal information disclosed to the Corporation during the period leading up to and including the completion of the matters contemplated therein;

"**Trust**" means Freehold Royalty Trust, a trust formed pursuant to the laws of Alberta pursuant to the Trust Indenture, as amended;

"**Trust Indenture**" means the amended and restated trust indenture made as of May 10, 2006, between the Purchaser and the Trustee, as may be from time to time amended, supplemented or restated;

"**Trust Units**" means fractional undivided ownership interests in the Trust;

"**Trustee**" means Computershare Trust Company of Canada in its capacity as trustee of the Trust; and

"**Underwriting Agreement**" means any underwriting, agency or similar agreement entered into by the Corporation and investment dealers, and such other persons as may be party thereto, relating to an Offering.

## **1.2 Definitions Incorporated by Reference**

In this Agreement, the following terms have the meaning ascribed thereto in the Resources Royalty Agreement modified to the extent necessary to reflect the transactions that form part of the Arrangement and the Restructuring:

- (a) Acquisition
- (b) ARTC
- (c) Business Day
- (d) Capital Expenditures
- (e) Closing
- (f) Concurrent Disposition
- (g) Credit Facilities
- (h) Crown
- (i) Crown Royalties
- (j) Debt Service Costs
- (k) Deductible Production Costs
- (l) Deferred Royalty Purchase Payment (defined in Section 2.2)
- (m) Facilities
- (n) GAAP
- (o) Initial Properties
- (p) Initial Purchase Agreements
- (q) Lender
- (r) Miscellaneous Interests
- (s) Month

- (t) Non-Deductible Crown Royalties
- (u) Other Revenues
- (v) Permitted Investments
- (w) Person
- (x) Petroleum and Natural Gas Rights
- (y) Petroleum Substances
- (z) Probable Reserves
- (aa) Production Costs
- (bb) Production Revenues
- (cc) Properties
- (dd) Proved Reserves
- (ee) Quarter
- (ff) Record Date
- (gg) Reclamation Fund
- (hh) Reserve
- (ii) Royalty Revenues
- (jj) Royalty Share of Petroleum Substances
- (kk) Special Resolution
- (ll) Surface Rights
- (mm) Swap Arrangements
- (nn) Tangibles
- (oo) Title and Operating Documents

### **1.3 Number and Gender**

Words importing the singular number include the plural and vice versa and words importing gender include the masculine, feminine and neuter genders.

### **1.4 References**

The table of contents, recitals and headings herein are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. A reference herein to an Article, Section or subsection without further reference shall be a reference to an Article, Section or subsection of this Agreement.

### **1.5 Choice of Law**

This Agreement will be governed by the laws of the Province of Alberta and the laws of Canada applicable therein and shall be construed, interpreted and performed in accordance therewith.

### **1.6 Attornment**

Any legal action or proceedings with respect to this Agreement shall be brought in the courts of the Province of Alberta and the courts of appeal therefrom. Each Party hereby attorns to and accepts for itself and in respect of its Properties, irrevocably and unconditionally, the jurisdiction of such courts.

### **1.7 Monetary Sums**

All references herein to dollar amounts or sums of money are to lawful funds of Canada.

### **1.8 Meaning of "Accrued" and "Incurred"**

The provisions of Section 1.7 of the Resources Royalty Agreement will be applicable mutatis mutandis, to this Agreement to the same extent as if set forth herein in full.

### **1.9 1990 CAPL Terms**

Terms which are defined in clause 101 of a 1990 Canadian Association of Petroleum Landmen Operating Procedure to which a 1988 Petroleum Accountants Society of Canada Accounting Procedure is attached and which are not otherwise defined herein have the same meanings herein as are given to them therein.

## **ARTICLE 2 MANAGEMENT OF FHT AND PARTNERSHIP**

### **2.1 General Delegation of Authority**

Subject to the supervision of, and restrictions imposed from time to time by, the board of directors of the FHT Trustee and to the other provisions of this Agreement, the FHT Trustee as trustee of FHT hereby delegates to Manager, and Manager hereby accepts the delegation of, authority to manage the general and administrative affairs of FHT, all in accordance with the provisions hereof. Subject to the supervision of, and restrictions imposed from time to time by, the Board and to the other provisions of this Agreement, the Corporation, as managing partner of the Partnership, hereby delegates to Manager, and Manager hereby accepts the delegation of, authority to manage the general administrative affairs of the Partnership, all in accordance with the provisions hereof.

### **2.2 Specific Delegation of Authority**

In furtherance of its authority under Section 2.1 to manage the general and administrative affairs of FHT and the Partnership, but not in limitation thereof, Manager shall:

- (a) keep and maintain at its office in Calgary, Alberta at all times books, records and accounts in respect of the business transactions of FHT and the Partnership in accordance with GAAP which, as nearly as practicable, shall be in accordance with those required to be kept by FHT pursuant to the FHT Indenture with respect to FHT and shall be in accordance with those required to be kept by the Partnership pursuant to the Partnership Agreement with respect to the Partnership and those required of a trust or partnership, as applicable, under the *Income Tax Act* (Canada); provided that nothing herein shall be construed as requiring the books, records or accounts of Manager to be audited;
- (b) make available or cause to be made available, in performing such obligations, office space, equipment and personnel including all accounting, clerical, secretarial, corporate and administrative personnel, as may be reasonably necessary to perform its obligations hereunder;
- (c) provide or arrange for such audit, accounting, engineering, geological, geophysical, financial, land, legal, insurance and other professional services as are reasonably required by or, in the reasonable opinion of Manager, desirable for FHT or Partnership, from time to time;
- (d) arrange for the payment of Production Costs and all other properly payable costs and expenses incurred by or on behalf of FHT or Partnership in connection with the Properties or the general and administrative matters of FHT or Partnership;
- (e) provide or arrange to provide such legal, geological, engineering, geophysical, financial and other advice and analysis as the officers or directors of the FHT Trustee, acting as trustee of FHT, or the Corporation, acting as managing partner of the Partnership, may require or desire to permit any of them to make informed decisions in connection with the discharge by them of their responsibilities as officers or directors, to the extent such advice and analysis can be reasonably provided or arranged by Manager;
- (f) provide or cause to be provided to FHT or Partnership any services reasonably necessary for FHT or Partnership to be able to consider participation in a Future Acquisition, Development Operation or Disposition proposed by Manager;
- (g) recommend and negotiate banking arrangements, including the terms and provisions of Credit Facilities and Swap Arrangements and opening and maintaining bank accounts in the name of FHT or Partnership;
- (h) cause all things to be done which FHT or Partnership is required to do under the terms and provisions of the Credit Facilities and the Swap Arrangements entered into by FHT or Partnership, from time to time;
- (i) from time to time, determine whether Production Costs or any other properly payable cost should be made with borrowed funds, funds in the Reserve or other funds of FHT or Partnership;
- (j) make recommendations to the board of directors of the FHT Trustee or the Board as to when Production Revenues and Other Revenues are to be paid into the Reserve and when and how funds of FHT or the Partnership are to be invested in Permitted Investments;
- (k) arrange for the preparation and filing of income tax returns and other tax filings required to be made by FHT or the Partnership;

- (l) use all commercially reasonable efforts to obtain the payment of Production Revenues and Other Revenues, but shall not have any liability to FHT or Partnership to the extent that it fails to collect them, provided it makes commercially reasonable efforts to do so; and
- (m) provide such additional administrative services relating to FHT or the Partnership as it may reasonably request, from time to time.

### **2.3 Restrictions on Delegation of Authority**

Notwithstanding any other provisions of this Agreement, the FHT Trustee, as trustee of FHT, and the Corporation, as managing partner of the Partnership, do not hereby delegate to Manager any authority to manage the following affairs of FHT and the Partnership:

- (a) the offering and issuance of additional Common Shares;
- (b) the designation of Deferred Royalty Purchase Payments;
- (c) the approval of participation by FHT or the Partnership in Acquisitions, Dispositions or Development Operations other than as set forth in Article 5;
- (d) the approval of Capital Expenditures in excess of those permitted by Section 6.7 of the Resources Royalty Agreement;
- (e) the approval of borrowing limits and policies;
- (f) the payment of dividends to the Shareholders;
- (g) the amendment or waiver of the performance or breach of any term or provision of this Agreement on behalf of FHT or the Partnership;
- (h) the renewal or termination of this Agreement or termination of the Management Period on behalf of FHT or the Partnership;
- (i) any matter which requires the approval of the unitholders under FHT Indenture; and
- (j) any matter which requires the approval of the partners under the Partnership Agreement.

## **ARTICLE 3 MANAGEMENT OF THE CORPORATION**

### **3.1 General Delegation of Authority**

Subject to the supervision of the Board and to the other provisions of this Agreement, the Corporation hereby delegates to Manager, and Manager hereby accepts the delegation of, authority to perform its duties relating to the management and administration of the general and administrative affairs of the Corporation, all in accordance with the provisions hereof.

### 3.2 Specific Delegation of Authority

In furtherance of its obligations under Section 3.1 to manage the general and administrative affairs of the Corporation, but not in limitation thereof, Manager shall:

- (a) perform all duties and provide or arrange to provide all general and administrative services as set forth in Section 2.2 herein for FHT and the Partnership, mutatis mutandis, for the Corporation, as applicable, as if the Corporation had been specified in Section 2.2 in place of FHT or the Partnership;
- (b)
  - (i) prepare all returns, filings and documents and make all determinations necessary to the discharge of the Corporation's obligations under the *Income Tax Act* (Canada) and any other applicable tax legislation;
  - (ii) submit all income tax returns and filings to the Corporation in sufficient time prior to the dates upon which they must be filed so that the Corporation has a reasonable opportunity to review them, execute them and return them to Manager; and
  - (iii) arrange for the filing of all income tax returns and filings within the time required by applicable tax law;
- (c) sign a Certificate representing a Common Share prior to the counter signature thereof by the registrar and transfer agent of the Common Shares;
- (d) ensure compliance by the Corporation with continuous disclosure obligations under all applicable securities legislation;
- (e) provide investor relation services to the Corporation;
- (f) prepare or cause to be prepared the materials which Corporation is required to provide to the Shareholders pursuant to meetings of the Shareholders, interim financial reporting, annual financial reporting, all as required by applicable corporate and securities laws, including unaudited financial statements and audited financial statements and related managements' discussion and analysis and provide them to the Corporation not later than five (5) Business Days prior to the date that the Corporation is required to furnish such information to the Shareholders pursuant to applicable corporate and securities laws;
- (g) with the approval of the Board, call, hold and prepare all materials (including notices of meetings and information circulars) in respect of all annual and/or special meetings of Shareholders pursuant to applicable corporate and securities laws;
- (h) monitor the status of the Common Shares as eligible investments for registered retirement savings plans, registered retirement income funds and deferred profit sharing plans (all within the meaning of the *Income Tax Act* (Canada)) and immediately provide the Corporation with a written notice when the Manager reasonably foresees that such Common Shares may cease to have such status or, if not reasonably foreseen, when the Common Shares cease to have such status;
- (i) with the approval of the Board, determine the amounts payable from time to time to Shareholders and arrange for dividends to them;



- (j) undertake the establishment of the Reserve and payments into such Reserve as described in Sections 5.6 and 5.7 respectively of the Trust Indenture;
- (k) with the approval of the Board, determine the timing and terms of future offerings of Common Shares to the public, if any;
- (l) subject to reimbursement pursuant to Section 9.2 herein, and without duplication of any payments made by FHT or the Partnership or by Manager on FHT's or the Partnership's behalf, pay the Corporation's share of any freehold mineral taxes, taxes on production and taxes of a similar nature;
- (m) with the approval of the Board, recommend and negotiate banking arrangements, including the terms and provisions of credit facilities and Swap Arrangements and opening and maintaining bank accounts in the name of the Corporation; and
- (n) cause all things to be done which the Corporation is required to do under the terms and provisions of the credit facilities and the Swap Arrangements entered into by the Corporation, from time to time.

### **3.3 Restrictions on Delegation of Authority**

Notwithstanding any other provisions of this Agreement, the Corporation does not hereby delegate to Manager any authority to manage the following affairs of the Corporation:

- (a) the countersigning, transfer, exchange and cancellation of certificates representing Common Shares;
- (b) the maintenance of a register of Shareholders;
- (c) the payment of dividends or other distributions to the Shareholders, although the calculation of amounts available for payment of dividends shall be made by Manager and approved by the Board and submitted by Manager to the Corporation for distribution to the Shareholders;
- (d) the mailing of notices, financial statements and reports to Shareholders pursuant to applicable corporate and securities laws, although Manager shall be responsible for the preparation or causing the preparation of such notices, financial statements and reports;
- (e) the provision of a basic list of registered Shareholders (as defined in the ABCA) to Shareholders in accordance with the procedures outlined in the ABCA;
- (f) the amendment or waiver of the performance or breach of any term or provision of this Agreement on behalf of the Corporation;
- (g) the renewal or termination of this Agreement or termination of the Management Period on behalf of the Corporation;
- (h) the performance of the duties related to an Offering including: (i) ensuring compliance with all applicable laws; (ii) all matters relating to the content of any Offering Documents, the accuracy of the disclosure contained therein, and the certification thereof; (iii) all matters concerning the terms of, and amendment from time to time of the Material Contracts; (iv) all matters concerning

any underwriting or agency agreement providing for the sale of Common Shares or rights to Common Shares; and (v) all matters relating to the redemption of Common Shares;

- (i) the signing of all prospectuses, annual information forms, management proxy circulars, other Offering Documents and any other documents ancillary or similar thereto required to be signed by the Corporation from time to time, including the signing of any Underwriting Agreements, indemnity agreements or documents ancillary or similar thereto; and
- (j) any matter which requires the approval of the Shareholders under the ABCA.

### **3.4 Human Resources Cooperation**

The Board, through its Governance, Nominating and Compensation Committee or such other committee as may be designated by the Board, and Rife, through such committee as may be designated for such purpose by the board of directors of Rife, shall cooperate in the development of all policies and programs relating to the review and approval of compensation for the employees of the Manager and Rife that work on the business of the Corporation or its Affiliates. In addition, the Board and Rife shall cooperate in the development and review of all key human resources matters with respect to Executive Employees.

## **ARTICLE 4 MANAGEMENT OF THE PROPERTIES, HB LANDS ROYALTIES AND ADDITIONAL ROYALTIES**

### **4.1 General Delegation of Authority by the Corporation, FHT and the Partnership re: Properties**

Subject to the supervision of, and restrictions imposed from time to time by, the Board and to the other provisions of this Agreement, the Corporation, on its own behalf and on behalf of the Partnership, as managing partner of the Partnership, and the FHT Trustee on behalf of FHT, as trustee of FHT, hereby delegate to Manager, and Manager hereby accepts the delegation of, authority to manage and administer the Properties, all in accordance with the provisions hereof.

### **4.2 Specific Delegation of Authority by the Corporation, FHT and the Partnership re: Properties**

In furtherance of its authority under Section 4.1 to manage the Properties, but not in limitation thereof, Manager shall, having regard to good oil field practises and the status of the Corporation, FHT or the Partnership as an Operator or non-Operator:

- (a) operate all Properties which the Corporation, FHT or the Partnership is entitled to operate and use all reasonable efforts to monitor operations and to cause all operations in respect thereof to be conducted in a good and workmanlike manner, in accordance with applicable law and the Title and Operating Documents;
- (b) except as otherwise provided herein, cause the Corporation's, FHT's or the Partnership's title to the Properties to be maintained in good standing;
- (c) calculate and pay or cause to be calculated and paid, so far as it is reasonably able to do so, all rentals, royalties and similar payments and all property, severance and similar taxes in respect of the Properties and the Petroleum Substances produced therefrom required to be paid pursuant to

the Title and Operating Documents or applicable law, including payments required to maintain title to the Properties;

- (d) keep and maintain at all times true and accurate books, records and accounts containing full and complete particulars of all operations, receipts and disbursements on or relating to the Properties and, upon request by the Corporation, FHT or the Partnership, provide copies, at the Corporation's, FHT's or the Partnership's cost, of any of such books; records and accounts;
- (e) maintain custody of and administer all land records and documents necessary or, in the reasonable opinion of Manager, advisable in connection with the Properties, including non-legal examination of title documents, setting up and maintaining of document and correspondence files, land files and rental records, and generally supplying all services provided by the lease and land records department of an oil and natural gas company and, upon request by and at the cost of the Corporation, FHT or the Partnership provide copies of any of such files and records to the Corporation, FHT or the Partnership;
- (f) prepare and file on behalf of the Corporation, FHT and the Partnership all applications for incentives; and
- (g) negotiate and execute on behalf of the Corporation, FHT and the Partnership all exploitation and development agreements, operating agreements, working agreements, farmin and farmout agreements, leases and other documents relating to the exploitation of the Properties as may be advisable;

and, subject to the terms of Section 11.5, Manager's decisions with respect thereto shall be binding upon the Corporation, FHT and the Partnership.

#### **4.3 Applicable Operating Procedures**

The Properties and all operations in respect thereof shall be governed by the terms and provisions of the Applicable Operating Procedures, except as otherwise provided herein. In the event of a conflict between the provisions of the main body of this Agreement and the provisions of an Applicable Operating Procedure, the provisions of the main body of this Agreement shall apply as among the Parties.

#### **4.4 Binding Voting Under Unit Agreements and Other Title and Operating Documents**

Certain Title and Operating Documents, including unit operating agreements, may require voting in respect of various matters and provide that all parties to the agreement shall be bound by the results of the vote. Manager shall cause the Corporation, FHT or the Partnership to vote in respect of such matters on a basis consistent with its obligations under Sections 11.5 and 11.11. If such a voting matter is approved, whether or not Manager caused the Corporation, FHT or the Partnership to vote, then the Corporation, FHT or the Partnership, as applicable, shall be bound thereby in accordance with the provisions of the applicable Title and Operating Documents.

#### **4.5 Title**

- (a) Manager shall use all reasonable efforts so that, to the extent possible, recordable title to the Properties is in the name of the Corporation, FHT or the Partnership. To the extent recordable title to a Property is not in the name of the Corporation, FHT or the Partnership, Manager shall use all reasonable efforts to obtain written confirmation from the Person or Persons holding recordable title declaring that they hold title in trust for the Corporation, FHT or the Partnership.

- (b) With respect to Properties for which title is held in trust for the Corporation, FHT or the Partnership by the Manager or any of its Affiliates and transferable title does not include any interest owned or held in trust for another person, Manager shall, upon written request and at the cost of the Corporation, use all reasonable efforts to effect the transfer of title as directed by the Corporation, FHT or the Partnership.
- (c) During the Management Period, each Person which is a party to a Title and Operating Document shall be entitled to deal exclusively with Manager in respect of all matters arising under such Title and Operating Document pertaining to the Properties and shall be entitled to rely upon all communications, elections and notices received by it from Manager during the Management Period in connection with such Title and Operating Document as being binding upon the Corporation, FHT and the Partnership.

**4.6 General Delegation of Authority by Corporation, FHT and the Partnership re: HB Lands Royalties and Additional Royalties**

Subject to the supervision of, and restrictions imposed from time to time by, the Board and to the other provisions of this Agreement, the Corporation, on its own behalf and on behalf of the Partnership, as managing partner of the Partnership, and the FHT Trustee, on behalf of FHT, as trustee of FHT, hereby delegate to Manager, and Manager hereby accepts the delegation of, authority to manage and administer the HB Lands Royalties and Additional Royalties, all in accordance with the provisions hereof.

**4.7 Specific Delegation of Authority by Corporation, FHT and the Partnership re: HB Lands Royalties and Additional Royalties**

In furtherance of its authority under Section 4.6 to manage the HB Lands Royalties and Additional Royalties, but not in limitation thereof, Manager shall:

- (a) administer all matters relating to the HB Lands Royalties and Additional Royalties, including determining the total amount owing to the Corporation, FHT or the Partnership from third parties and conducting audits as required;
- (b) keep and maintain at all times true and accurate books, records and accounts normally maintained by a royalty owner, and having regard to the information available to the owner of the HB Lands Royalties and Additional Royalties, containing full and complete particulars of all operations, receipts and disbursements on or relating to the HB Lands Royalties and Additional Royalties and, upon request by the Corporation, provide copies, at the Corporation's cost, of any of such books, records and accounts;
- (c) maintain custody of and administer all land records and documents necessary or, in the reasonable opinion of Manager, advisable in connection with the HB Lands Royalties and Additional Royalties, including non-legal examination of title documents, setting up and maintaining of document and correspondence files, land files and rental records, and generally supplying all services provided by the lease and land records department of an oil and natural gas company and, upon request by and at the cost of Corporation, provide copies of any of such files and records to Corporation; and
- (d) prepare and file on behalf of Corporation, FHT or the Partnership all applications for Incentives, if any;

and subject to the terms of Section 11.5, Manager's decisions with respect thereto shall be binding upon Corporation, FHT and the Partnership.

## **ARTICLE 5 ACQUISITIONS, DISPOSITIONS AND DEVELOPMENT OPERATIONS**

### **5.1 Acquisitions of Properties and Additional Royalties**

- (a) Manager will be responsible for seeking acquisition opportunities for and on behalf of the Corporation, FHT and the Partnership and, where in accordance with policies adopted by the Board, may cause Corporation, FHT or Partnership to effect Future Acquisitions or Future Royalty Acquisitions.
- (b) Manager will, from time to time, provide the Board with proposals in respect of acquisition opportunities that Manager believes (i) would meet the criteria of Future Acquisitions, or in the case of Future Royalty Acquisitions would meet the criteria set out in Section 5.2 below, and (ii) would contribute to the maximization of the long-term value of the Corporation or would otherwise be in the best interests of the Shareholders.
- (c) Manager will only implement an acquisition opportunity on behalf of the Corporation, FHT or the Partnership that Manager considers would meet the criteria set out in paragraph (b) above after it has first submitted a proposal to the Board pursuant to paragraph (a) above and the Board has resolved that the Corporation, FHT or the Partnership, as the case may be, should participate in such acquisition opportunity.
- (d) The Manager acknowledges that prior to approving an acquisition opportunity involving an acquisition of Additional Properties or Additional Royalties from either Canpar or Rife, the Board may obtain an independent fairness opinion.
- (e) In seeking acquisition opportunities pursuant to paragraph (a) above or preparing a proposal pursuant to paragraph (b) above, Manager may retain independent consultants to review the environmental condition and history, facility design and physical integrity of the Properties and Additional Royalties.

### **5.2 Criteria for Future Royalty Acquisitions**

The following criteria will serve as guidelines for the Manager on presenting Future Royalty Acquisitions for approval by the Board, who may vary these criteria for any particular Future Royalty Acquisition with the approval of the Board, in recognition of the unique economic characteristics of such royalties.

The Manager will consider the following:

- (a) the properties underlying the Additional Royalties acquired in the Future Royalty Acquisition will be quality producing properties with established production history and low reserve risk;
- (b) the properties underlying the Additional Royalties acquired in the Future Royalty Acquisition shall meet the objective of providing a forecasted internal rate of return that is greater than 400 basis points above the yield of long-term (ten year) Government of Canada bonds over the life of the Proven Reserves and Probable Reserves, after deducting General and Administrative Costs

and incorporating the impact of debt financing (based on independent engineering reports, if available), but before income taxes;

- (c) commodity price and exchange rate assumptions used in the evaluation of the Future Royalty Acquisition will be from an independent engineering firm acceptable to the Board as recommended by the Manager;
- (d) where the purchase price of the Additional Royalties to be acquired by the Grantor pursuant thereto is in excess of \$5,000,000, the purchase price payable pursuant to the Future Royalty Acquisition will be based on a technical and economic engineering evaluation from an independent engineering firm, which, with the acceptance of the Board may be modified to incorporate the technical views of the Manager;
- (e) the properties underlying the Additional Royalties acquired in the Future Royalty Acquisition will have strong third party operators or be properties where the Manager can assume their operatorship;
- (f) the expected economic life of the property or group of properties underlying the Additional Royalties acquired in the Future Royalty Acquisition will be not less than 10 years; and
- (g) no property underlying the Additional Royalties acquired in a Future Royalty Acquisition, comprised of an interest in a single oil or natural gas pool will represent in excess of 30% of the Asset Value of the Corporation, FHT and the Partnership (taken as a whole).

### **5.3 Dispositions of Properties**

- (a) Manager will be responsible for recommending the Disposition of Properties by the Corporation, FHT and Partnership and will provide the Board with a proposal in respect of such dispositions where Manager believes that such Properties are unable to contribute to the maximization of the long-term value of the Corporation or that their sale is in the best interest of the Shareholders.
- (b) Subsequent to a Disposition of Properties by the Corporation, FHT or the Partnership, Manager will use reasonable efforts, unless otherwise directed by the Board, to seek acquisition opportunities in accordance with paragraph 5.1 (a) above so that the Corporation, FHT or the Partnership may acquire Properties to replace the Properties disposed of within the same calendar year in which such disposition was completed.

### **5.4 Dispositions of HB Lands Royalties or Additional Royalties**

Manager, on behalf of the Corporation, FHT and the Partnership, will be responsible for recommending the Disposition of any of the Corporation's, FHT's or the Partnership's interests in the HB Lands Royalties and Additional Royalties and releasing the HB Lands or applicable properties, as the case may be, therefrom. Manager may effect such Disposition provided the Board approves such Disposition where the sale proceeds will be in excess of five million (\$5,000,000) dollars and provided also that where the Disposition results in a sale of greater than 20% of the Asset Value of all the Corporation's assets, that such Disposition is also approved by a special resolution of Shareholders.

## **5.5 Development Operations**

The Corporation, on its own behalf and on behalf of the Partnership, as managing partner of the Partnership, and the FHT Trustee on behalf of FHT, as trustee of FHT, hereby delegate to Manager, and Manager hereby accepts the delegation of, the authority to implement for and on behalf of the Corporation, FHT and the Partnership any Development Operation where Manager believes that such Development Operation will maintain or improve production from the Properties, such Development Operation is in accordance with policies adopted by the Board and the projected cost is within the capital expenditure limits provided for in Section 6.7 of the Resources Royalty Agreement.

## **5.6 Approval Required**

Other than as provided for in Sections 5.1, 5.4, and 5.5 above, Manager shall not have the authority to cause the Corporation, FHT or the Partnership to effect any Acquisition, Future Royalty Acquisition, Disposition or Development Operation unless it has first been approved by the Board.

## **5.7 Exploration Operations**

The Corporation, FHT and the Partnership hereby delegate to Manager, and Manager hereby accepts the delegation of, the authority to implement for and on behalf of the Corporation, FHT and the Partnership any Exploration Operation where Manager believes that such Exploration Operation is in accordance with policies adopted by the Board and the projected cost is within the capital expenditure limits provided for in Section 6.7 of the Resources Royalty Agreement.

# **ARTICLE 6 MARKETING**

## **6.1 Marketing of Production**

- (a) Subject to the existing contracts for the sale of production of Petroleum Substances, Manager shall arrange for the sale of the Royalty Share of Petroleum Substances and products obtained therefrom on the most favourable terms (including price) reasonably available to the Corporation, FHT and the Partnership.
- (b) The Corporation, FHT and the Partnership will not pay any fee to Manager (whether pursuant to an Applicable Operating Procedure or otherwise) on account of the Marketing of the Royalty Share of Petroleum Substances during the Management Period, except the Management Fee.

# **ARTICLE 7 MANAGEMENT COMPENSATION**

## **7.1 Management Fee**

In consideration of the services provided under this Agreement, Manager will be compensated by payment of the Management Fee, which shall be payable quarterly in part by the Corporation, in part by FHT and in part by the Partnership and which shall be equal to the Quarterly Management Fee Payment. The Board shall determine the portion of the Management Fee which shall be paid by each of FHT and Partnership, the balance to be paid directly by the Corporation, to Manager. The Quarterly Management Fee shall be payable on the 15th day following the end of the Quarter.

## **7.2 Alternate Payment Methods**

The Quarterly Management Fee Payment may, at the option of the Corporation, be paid (i) by the delivery of Common Shares registered to or to the order of the Manager or (ii) in cash equal to the product of the number of Common Shares that would otherwise constitute the Quarterly Management Fee Payment multiplied by the Current Market Price on the date the Quarterly Management Fee Payment is due. To the extent the Quarterly Management Fee is to be paid in Common Shares by FHT or the Partnership, FHT or the Partnership, as applicable, may purchase the applicable number of Common Shares from the Corporation for delivery to the Manager.

## **7.3 Reimbursement of General and Administrative Costs**

- (a) The Corporation, FHT and the Partnership will reimburse Manager for all the General and Administrative Costs incurred by Manager in respect of its duties and obligations hereunder. General and Administrative Costs will generally be charged monthly to the Corporation, FHT and the Partnership by Manager based on time spent and direct costs incurred in fulfilling the obligations of Manager to the Corporation, FHT and the Partnership under this Agreement. The allocation of costs based on time spent will, in respect of any Quarter beginning after December 31, 2016, be based on the actual percentage for the allocation of time spent in the prior Quarter.
- (b) The amounts which the Corporation, FHT and the Partnership are required to pay to Manager pursuant to this Section 7.3 will be calculated and reimbursed to Manager within five (5) Business Days of billing.
- (c) Overhead recoveries received from third parties in respect of their working interests on Properties operated by the Corporation, FHT or the Partnership will be for the benefit of the Corporation, FHT or the Partnership and included in Other Revenues and Manager will not be entitled to any remuneration in respect thereof.

## **ARTICLE 8 TERM AND TERMINATION**

### **8.1 Term**

This Agreement shall continue in full force and effect until such time as it is terminated in accordance with and pursuant to Section 8.3 or 8.3(a) or otherwise by mutual agreement of the Parties.

### **8.2 Termination of Management Period**

The Management Period may be terminated by the Board at any time upon written notice delivered to Manager without the payment of any compensation to Manager (except reimbursement for those General and Administrative Costs referred to in Section 7.3, payment of any and unpaid Quarterly Management Fee Payments and as provided in Section 8.10) if:

- (a) Manager has instituted proceedings to be adjudicated as a voluntary bankrupt or consented to the filing of a bankruptcy proceeding against it;
- (b) Manager has filed a petition or answer or consent seeking reorganization, readjustment, arrangement, composition or similar relief under any Canadian federal or provincial bankruptcy law;



- (c) Manager has consented to the appointment of a receiver, liquidator, trustee or assignee in bankruptcy;
- (d) Manager has voluntarily suspended the transaction of its usual business;
- (e) a court having jurisdiction has entered a decree or order (that has not been stayed pending an appeal):
  - (i) adjudging Manager bankrupt or insolvent, under any applicable bankruptcy law; or
  - (ii) for the appointment of a receiver, trustee or assign in bankruptcy of Manager;
- (f) any proceeding with respect to Manager has been commenced under the *Bankruptcy and Insolvency Act* (Canada) or *Companies' Creditors Arrangements Act* (Canada) or similar legislation relating to a compromise or arrangement with creditors or claimants; or
- (g) Manager has committed a material default under this Agreement and does not cure such default within 30 days of written notice being given to it by the Corporation, FHT or the Partnership (in which case such termination shall not relieve Manager from its liability to the Corporation, FHT and the Partnership in respect of its defaults under this Agreement).

### **8.3 Termination of Agreement**

- (a) This Agreement may be terminated by the Manager effective at any time after November 26, 2016 by notice in writing delivered by the Manager to the Corporation not less than six (6) months prior to the date of such termination.
- (b) This Agreement may be terminated by the Corporation effective at any time after May 26, 2020 by notice in writing delivered by the Corporation to the Manager not less than six (6) months prior to the date of such termination.
- (c) If, at any time after November 26, 2016, the Manager and its Affiliates (including Rife and CN Pension Trust Funds) beneficially own or exercise control or direction over (in aggregate) less than 5% of the issued and outstanding Common Shares for a period of more than 90 consecutive days:
  - (i) the Manager shall provide confirmation in writing to the Corporation of such fact within 30 days of the end of such period; and
  - (ii) whether or not such confirmation has been provided, this Agreement may be terminated by the Corporation by notice in writing delivered by the Corporation to the Manager not less than six (6) months prior to the date of such termination specified in such notice.
- (d) Any of the Corporation, FHT or Manager may terminate this Agreement by notice in writing delivered to the other Parties if the Corporation is liquidated, dissolved or wound-up, whether voluntarily or involuntarily, or any other action is taken with respect to the distribution of all the assets of the Corporation to its creditors or the Shareholders.

#### **8.4 Termination on Change of Control**

In the event that a Change of Control occurs after November 26, 2016, the Corporation, the Partnership and FHT Trustee may terminate this Agreement by written notice delivered by the Corporation to the Manager not more than 90 days after the Change of Control, together with payment to the Manager of two million dollars (\$2,000,000).

#### **8.5 Rights of Corporation on Termination**

If the Management Period is terminated, the Corporation, the Partnership and FHT Trustee may appoint a new manager under this Agreement.

#### **8.6 No Release of Liabilities**

Termination of the Management Period or this Agreement will not relieve any Party from any liability or obligation which arose prior to such termination, including, without limitation, the obligation of the Corporation, FHT and the Partnership to reimburse Manager for those General and Administrative Costs referred to in Section 7.3, to pay any and all unpaid Quarterly Management Fee Payments and to indemnify Manager pursuant to section 11.9.

#### **8.7 Delivery of Records**

Upon notice being given for the termination of this Agreement or the Management Period, Manager, upon request, shall (at the cost of the Corporation, FHT or the Partnership, as the case may be) deliver to the Corporation, FHT or the Partnership, as the case may be, copies of or reasonable access to all records, documents, books of account or Title and Operating Documents maintained under the terms of this Agreement. Upon the termination of this Agreement or the Management Period, Manager, upon request, shall (at the cost of the Corporation, FHT or the Partnership, as the case may be) deliver to the Corporation, FHT or the Partnership, as the case may be, (i) all records, documents and books of account maintained under the terms of this Agreement or where the records, documents, books of account or Title and Operating Documents also relate to other business conducted by Rife or the Manager, copies thereof, and (ii) all materials and supplies for which it has been paid by the Corporation, FHT or the Partnership, which are in the possession or control of Manager. In addition, upon any notice being given for the termination of this Agreement or the Management Period, where records, documents or Title and Operating Documents are required for use by each of Canpar and either the Corporation, FHT or the Partnership, Manager will permit Canpar to retain the originals thereof but shall, at the cost of the Corporation, FHT or the Partnership, as the case may be, arrange for Canpar to promptly provide copies thereof to the Corporation, FHT or the Partnership.

#### **8.8 Authority, Rights and Obligations of Manager Following Termination**

- (a) Upon termination of the Management Period, Manager shall cease to have any authority to represent the Corporation, FHT or the Partnership, including the Corporation, FHT or the Partnership under Title and Operating Documents, provided that until the Corporation, FHT, the Partnership or the new manager is made a party to a Title and Operating Document, Manager shall act in good faith in relation to the Corporation's, FHT's or the Partnership's interest thereunder and shall consult with the Corporation prior to making any election or taking any action thereunder which affects the Corporation, FHT or the Partnership or their interests.
- (b) Except as provided in this Article 8, the terminated Manager shall have no further rights or obligations under this Agreement.

## **8.9 Rights Regarding Employees**

Upon any notice being given for the termination of this Agreement pursuant to subsection 8.3(a), subsection 8.3(b), subsection 8.3(c) or Section 8.4, the Corporation shall be entitled to:

- (i) request a meeting with the Manager to discuss a potential allocation of the employees and consultants of the Manager and Rife who in the year prior to the date of the notice of termination, spent more than 70% of their working time working on the business of the Corporation or its Affiliates as between the Corporation on the one hand, and the Manager and Rife on the other hand, that is in the best interests of all parties having regard to the business of the Corporation and its Affiliates and the business that will continue to be conducted by the Manager and Rife following the termination of this Agreement. Nothing in this section 8.9 shall be deemed or interpreted to obligate the Corporation to assume any responsibility for any employee or consultant of the Manager or Rife;
- (ii) request that the Manager provide it with information regarding all employees and consultants of the Manager and Rife who in the year prior to the date of the notice of termination, spent more than 70% of their working time working on the business of the Corporation or its Affiliates. Such information shall include information sufficient to enable the Corporation to make an offer of employment to such employees or an offer to engage such consultants; and
- (iii) offer employment to any non-Executive Employee, or a contract to any consultant, of Rife or the Manager who in the year prior to the date of the notice of termination, spent more than 70% of their working time working on the business of the Corporation or its Affiliates.

It is further agreed that subsequent to any notice being given for the termination of this Agreement, the Manager or Rife, as applicable, shall provide written notice (“**Termination Advisory Notice**”) to the Corporation of any proposed or intended dismissal of employees or consultants. The Termination Advisory Notice shall be provided not less than 30 days prior to the proposed dismissal of such employees or consultants and shall include details of the scope of employment, current remuneration and an estimate of severance costs with respect to such employees or consultants, so as to permit the Corporation to consider, and if thought advisable, make an offer of equivalent employment to such employees or consultants prior to the termination of their employment or engagement taking effect.

## **8.10 Rights of Manager on Termination**

Within 15 days following the termination of this Agreement or the Management Period, the Corporation shall pay to Manager that proportion of the Quarterly Management Fee Payment in respect of the Quarter in which the termination occurs based on the number of days in such Quarter prior to the date on which the termination occurs.

With respect to any employees or consultants named in a Termination Advisory Notice the Corporation shall:

- (i) have the right to make an offer of employment prior to the termination of their employment or engagement taking effect;

- (ii) in respect of each such employee or consultant who does not receive and accept such an offer of employment determine an appropriate severance package and advise Manager and Rife of the terms thereof prior to such termination;
- (iii) prior to such termination pay to Manager the amount required under such severance package for payment to such employee or consultant; and
- (iv) indemnify and save harmless Manager and Rife in respect of all costs and expenses incurred by Rife or Manager which directly relate to the termination of such employee or consultant.

### **8.11 Non-Solicitation**

Except as provided in Section 8.9, during the term hereof and for a period of one year following termination of this Agreement, each of the Corporation, FHT and the Partnership agrees that it will not, without the prior written consent of Manager and Rife solicit for hire or employ, directly or indirectly, any officer, director or employee of Manager or Rife, other than through general solicitations by newspaper or similar advertisement or via an executive search firm that was not encouraged or instructed by it to undertake such solicitation, except for a person who has been terminated by Manager or Rife, as the case may be, prior to the commencement of employment discussions.

## **ARTICLE 9 ACCOUNTING**

### **9.1 Trust Funds**

Canpar and Rife will initially receive the Corporation's, FHT's or the Partnership's share of funds attributable to the Properties (including Production Revenues and Other Revenues, if any) and the Corporation's, FHT's or the Partnership's revenues generated from or associated with the HB Lands Royalties or Additional Royalties, in each case, in trust, on the Corporation's, FHT's or the Partnership's behalf, as the case may be. Immediately thereafter, Canpar and Rife will deposit to accounts in the name of the Corporation, FHT and the Partnership, maintained by Manager, all funds of the Corporation, FHT or the Partnership initially received by Canpar or Rife. Notwithstanding that Corporation's, FHT's or the Partnership's share of funds attributable to the Properties or that the Corporation's, FHT's or the Partnership's revenues generated from or associated with the HB Lands Royalties or Additional Royalties may have been commingled with funds of Manager, Rife or Canpar, the Corporation's, FHT's or the Partnership's funds shall be deemed to be trust funds and shall in no way be funds belonging to Manager, Rife or Canpar, other than as trustee for the Corporation, FHT or the Partnership, as the case may be.

Notwithstanding the foregoing, subscription proceeds relating to the Initial Public Offering, Royalty Revenues and any cash flow and other revenues generated from or associated with any interest of the Corporation, FHT or the Partnership in the HB Lands Royalties or the Additional Royalties, or of the Corporation, FHT or the Partnership in the Initial Properties or Additional Properties, may not be commingled with the funds of any other entity which is managed by the Manager.

### **9.2 Payment of Costs and Expenses**

The Parties acknowledge that it is intended that Manager will cause the payment of all Production Costs and all other amounts payable by the Corporation, FHT and the Partnership pursuant to

this Agreement out of the revenues of the Corporation, FHT and the Partnership received by Manager on the Corporation's, FHT's and the Partnership's behalf, from time to time. To the extent Manager is not able to pay any of such amounts when they become due from revenues attributable to the Properties received by it, on FHT's, the Corporation's or the Partnership's behalf, or from revenues attributable to the HB Lands Royalties or Additional Royalties received by it, on the Corporation's, FHT's or the Partnership's behalf, Manager may invoice the Corporation, FHT or the Partnership, as the proper case may be, therefor and the Corporation, FHT or the Partnership shall cause such invoice to be paid within (five) 5 Business Days of billing by Manager. To the extent that Manager does not have funds of the Corporation, FHT or the Partnership available to pay any of such costs, Manager shall have no obligation to cause them to be paid, but may, in its sole discretion, pay such amounts out of its own funds. Manager shall be entitled to set off any amounts payable to it by the Corporation, FHT or the Partnership pursuant to this Agreement against amounts payable or distributable by Manager to the Corporation, FHT or the Partnership.

### **9.3 Distribution of Revenues**

Subject to Section 9.2, Manager shall distribute to the Corporation, FHT and the Partnership the revenues attributable to the Properties received by Manager, on FHT's, the Corporation's or the Partnership's behalf, as applicable, and to the Corporation, FHT and the Partnership, the revenues attributable to the HB Lands Royalties or Additional Royalties received by Manager, on the Corporation's, FHT's and the Partnership's behalf, in accordance with Section 9.1.

### **9.4 Cash Calls**

- (a) The Corporation, FHT and the Partnership shall pay or secure the payment of its share of future costs and expenses as and when required by a Third Party pursuant to the terms of a Title and Operating Document.
- (b) Except as provided in subsection 9.4(a), Manager shall not be entitled to cash call the Corporation, FHT or the Partnership on account of costs and expenses relating to the Properties during the Management Period.

### **9.5 Interest on Unpaid Amounts**

If a Party (the "**Payor**") does not pay any amount payable by it hereunder to another Party (the "**Payee**") pursuant hereto when due, the Payor shall pay interest on such amount to the Payee at the Prime Rate plus 2% from the date such amount was due until such amount is paid to the Payee.

**ARTICLE 10  
REPORTS AND AUDITS**

**10.1 Audits**

- (a) If required by the terms of the Credit Facilities or if the Corporation, FHT or the Partnership requests during any calendar year and up to two years thereafter, and on 60 days' notice, Manager will furnish to the Corporation, FHT or the Partnership, as the case may be, a financial audit of the costs and revenues pertaining to the Properties, the HB Lands Royalties or Additional Royalties during the stated fiscal year by a qualified independent auditor selected by Manager and approved by the Corporation or the FHT Trustee, as the case may be, and Lender, provided that the first of such audits shall cover the period from the date hereof until December 31, 1996. The costs of such audits shall be borne by Corporation.
- (b) The Corporation, FHT and the Partnership each shall have the right, at its cost and on five (5) days' notice, to reasonably audit the books and records of Manager in respect of the General and Administrative Costs and other amounts paid by the Corporation, FHT or the Partnership to Manager, including the Management Fee, at any reasonable time during the Management Period and during a two year period after the Management Period, provided that such audits shall be at reasonable intervals.
- (c) the Corporation, FHT and the Partnership shall have the right, at its cost, at any time, to review the books and records maintained by Manager on their behalf relating to FHT's, Corporation's and the Partnership's interests in the Properties, HB Lands Royalties and Additional Royalties.

**10.2 Annual Engineering Evaluations**

During the fourth Quarter of each calendar year, the Corporation and Manager shall discuss whether an engineering evaluation of the Properties, HB Lands Royalties and Additional Royalties as at the end of the fourth Quarter of such calendar year should be obtained. If the Parties agree that such engineering evaluation should be obtained, or, failing such agreement, if Corporation requests that such evaluation be obtained or such evaluation is required by the terms of the Credit Facilities or applicable securities laws, Manager shall furnish to FHT a report by a qualified independent petroleum engineering consultant, selected by Manager and approved by the Corporation and Lender, showing the estimated total Proved Reserves and Probable Reserves in the Properties and properties underlying the HB Lands Royalties and Additional Properties as at the end of the fourth Quarter of such calendar year, the dollar amount of estimated future net revenues therefrom before tax and the estimated present worth of such future net revenues with cash flow discounted at various rates, taking into consideration all pertinent factors customarily considered in independent engineering reports. Manager shall provide such other reports and evaluations of the Properties and the properties underlying the HB Lands Royalties and Additional Royalties as the Corporation, FHT or the Partnership may be required to furnish, from time to time, pursuant to the Credit Facilities or applicable securities laws. The costs of such reports shall be borne by Corporation.

### **10.3 Confidentiality Restrictions**

To the extent that Manager is prevented from releasing information to the Corporation, FHT or the Partnership by virtue of confidentiality provisions, it shall not be obligated to do so, provided that Manager shall use all reasonable efforts to be released from such confidentiality provisions insofar as the Corporation, FHT and the Partnership are concerned.

### **10.4 Preservation of Records**

Manager shall maintain and preserve all accounts, books and other documents relevant to its activities hereunder until the expiration of the Management Period and for six years thereafter.

### **10.5 Parties to Keep Information Confidential**

(a) The Parties shall keep confidential:

- (i) all books, records, files and other information pertaining to the Properties, together with all analyses, compilations, studies or other documents which contain information from or otherwise reflect such books, records, files or other information; and
- (ii) all information provided by the Manager pursuant to Section 8.9 including, without limitation, any Termination Advisory Notice.

(b) Subsection 10.5(a) shall not apply to a Party in respect of information that:

- (i) was in the public domain prior to its receipt by such Party pursuant hereto;
- (ii) becomes part of the public domain after such receipt through no act or omission on the part of such Party, its employees, agents or representatives; or
- (iii) such Party is required to disclose by applicable law, regulatory authorities, stock exchanges, securities commissions or similar requirements.

### **10.6 Annual Certificate**

Manager shall deliver to Corporation within 60 days after the end of each calendar year, and at any time upon the demand of Corporation, acting reasonably, a certificate signed by a senior officer of Manager stating that, to the best of Manager's knowledge, Manager has complied with all of its duties contained in this Agreement relating to the management of the general and administrative affairs of the Corporation, FHT and the Partnership which, if not complied with, would, with the giving of notice, lapse of time or otherwise, constitute a default of Manager under this Agreement or, if there has been a failure to so comply, giving particulars thereof.

### **10.7 Personal Information**

The Corporation agrees that it shall not use Transferred Information for any purposes other than those related to the purposes contemplated in section 8.9. Each of the Parties acknowledge and confirm that the collection, disclosure and use of personal information is necessary for those purposes and that the disclosure of Transferred Information relates solely to the completion of the transaction referred to therein. The Corporation shall cease all use of the Transferred Information upon the determinations

with respect to the allocation of personnel being completed and, at Manager's request, will return to Manager or Rife, as the case may be, or destroy in a secure manner, the Transferred Information.

**ARTICLE 11**  
**GENERAL MATTERS RESPECTING THE CORPORATION, FHT AND THE PARTNERSHIP**

**11.1 Manager's Acknowledgment and Covenant**

Manager acknowledges and agrees that it is familiar with and understands the duties of Manager, the Corporation, FHT Trustee, FHT and the Partnership under the ABCA, the Partnership Agreement, the FHT Indenture and hereunder. Manager agrees to comply in all respects with the provisions of the ABCA, the FHT Indenture, the Partnership Agreement and this Agreement in the performance of its duties and obligations hereunder. In addition, Manager covenants to each of the Corporation, FHT and the Partnership, not to amend or waive the performance or breach of any term or provision of the Contract Services Agreement without the prior written consent of Corporation.

**11.2 Third Party Operators**

The Corporation, FHT and the Partnership acknowledge that control over operations on some of the Properties may be delegated to Third Party Operators under Applicable Operating Procedures, which will limit the management and control which Manager can exercise and that, in accordance with accepted industry practices in regard to the operation of Petroleum and Natural Gas Rights by Third Party Operators, Manager may not maintain complete records with respect to such Properties. In addition, in recognition of the unique characteristics of the HB Lands Royalties and Additional Royalties, but subject to the Manager's obligations under Sections 8.6 and 11.5, Manager may not maintain complete records respecting the properties underlying the HB Lands Royalties and Additional Royalties.

**11.3 Limitation**

Notwithstanding anything to the contrary herein, Manager shall not be obligated to do or cause anything to be done by the Corporation, FHT or the Partnership, unless Manager has funds of the Corporation, FHT or the Partnership available to pay the costs and expenses thereof.

**11.4 Powers and Authorities of Manager**

Manager shall have full right, power and authority to do and refrain from doing all such things as are necessary or appropriate in order to discharge its duties hereunder, subject, however, to such restrictions on its powers and authorities in respect of the management of the general administrative affairs of the Corporation, FHT and the Partnership as may be imposed in writing, from time to time, by the Board. In pursuing such objectives, Manager will employ prudent oil and natural gas business practices.

**11.5 Standard of Care and Duty of Loyalty**

In exercising its powers and discharging its duties under this Agreement, Manager shall exercise that degree of care, diligence and skill that a reasonably prudent advisor and manager in respect of oil and natural gas properties in Western Canada would exercise in comparable circumstances. All of Manager's activities will be conducted in accordance with applicable laws.

**11.6 Delegation**



- (a) Manager may delegate specific aspects of its obligations hereunder to any other Person, provided that such delegation shall not relieve Manager of any of its material obligations under this Agreement and provided that Manager shall not delegate any of its obligations hereunder to manage and administer the affairs of the Corporation, FHT or the Partnership unless Manager shall have notified the Corporation, FHT or the Partnership, as the case may be, of the name of the Person or Persons to whom such delegation is to be made and the terms and conditions thereof and the Corporation, FHT or the Partnership, as the case may be, has provided the prior written consent to such delegation. Manager shall not, in any manner, directly or indirectly, be liable or held to account for the activity or inactivity of any Person, other than an affiliate of Manager, to whom any such obligations may be delegated, provided that, in making such delegation, Manager has acted in accordance with the duty of loyalty and standard of care prescribed in Section 11.5 and has monitored the performance of such obligations by such Person in accordance with the standard of care prescribed in Section 11.5.
- (b) The Corporation, FHT and the Partnership will reimburse Manager for the amounts paid by Manager to Persons to whom Manager delegates specific obligations hereunder in accordance with this Section 11.6.

### **11.7 Limit of Liability**

Manager shall not be liable to the Corporation, FHT or the Partnership for any losses or damages suffered by them with respect to any matter or thing including without limitation which result from advice given by Manager or the exercise by Manager of any discretion or its refusal to exercise a discretion, provided that Manager has acted in accordance with the duty of loyalty and standard of care prescribed in Section 11.5 and the loss or damage suffered by the Corporation, FHT or the Partnership is not attributable to Manager's fraud, wilful default, negligence or bad faith.

### **11.8 Reliance**

Manager shall be entitled, in connection with its obligations hereunder, to rely on statements, advice or opinions (including financial statements and auditor's reports) of professional advisors who are competent to give such advice and on any instrument or other documents believed by it to be genuine and in force, provided that such reliance is in accordance with the standard of care specified in Section 11.5.

### **11.9 Indemnification of Manager**

Manager shall be indemnified and saved harmless by Corporation from and against all losses, claims, damages, liabilities, obligations, reasonable costs and expenses (including judgments, fines, penalties, amounts paid in settlement and legal fees (on a solicitor and client basis) and accountants' fees) of whatsoever kind or nature incurred by, borne by or asserted against Manager in any way arising from or related in any manner to this Agreement except to the extent resulting from Manager failing to discharge its duties and obligations hereunder in accordance with the duty of loyalty and standard of care specified in Section 11.5, or the fraud, wilful default, negligence or bad faith of Manager or its employees.

### **11.10 Indemnification of the Corporation, FHT and the Partnership**

Manager shall indemnify and save harmless the Corporation, FHT and the Partnership and their officers, directors and employees from and against all losses, claims, damages, liabilities, obligations, costs and expenses (including judgments, fines, penalties, amounts paid in settlement and

legal (on a solicitor and client basis) and accountants' fees) of whatsoever kind or nature incurred by, borne by or asserted against any of them by a Third Party in any way arising from or related in any manner to the failure by Manager to discharge its duties and liabilities hereunder in accordance with the duty of loyalty and standard of care specified in Section 11.5, or the fraud, wilful default, negligence or bad faith of Manager or its employees, except to the extent that such losses, claims, damages, liabilities, obligations, costs and expenses arise from the fraud, negligence or wilful default of the Person seeking indemnification.

#### **11.11 Conflicts of Interest**

The Corporation, FHT and the Partnership acknowledge that there may be situations in which the interests of Manager will conflict with those of the Shareholders. Manager may acquire oil and natural gas properties, including royalty interests on its own behalf and for and on behalf of persons other than the Corporation, FHT or the Partnership. Manager may manage and administer such additional properties, as well as enter into other types of energy-related management and advisory activities. Accordingly, neither Manager, nor its management, will carry on their full-time activities on behalf of the Corporation, FHT and the Partnership and, when acting on behalf of others, may at times act in contradiction to or competition with the interest of the Corporation, FHT or the Partnership. Manager shall resolve such conflicts, on a basis consistent with the objectives and financial resources of each group of interested parties, the time limitations on investment of such resources, and on the basis of operating efficiently having regard to the then current holdings of properties of each group of interest parties, all consistent with the duties of Manager to each group of persons. The Manager will use all reasonable efforts to resolve such conflicts of interest in a manner which will treat the Corporation, FHT or the Partnership and the other interested party fairly, taking into account all of the circumstances of the Corporation, FHT or the Partnership and such interested party and will act honestly and in good faith in resolving such matters.

#### **11.12 Insurance**

- (a) Manager shall, commencing on the execution hereof and until the end of the Management Period, hold or cause to be held with a reputable insurance company or companies, insurance policies to provide for protection of the Properties which is at or above Canadian oil and gas industry standards and which will include insurance for property damage, general liability and, where prudent in the reasonable judgment of Manager, business interruption. Manager shall review such insurance with the Board at least once in every calendar year and, if appropriate in the opinion of Manager, recommend to the Board variations in such insurance. Manager shall vary such insurance as requested by the Board, from time to time.
- (b) The Corporation, FHT and the Partnership shall be named insureds in such policies of insurance as their respective interests may appear.
- (c) Manager shall furnish evidence of compliance with the foregoing to the Corporation, FHT and the Partnership from time to time at the request of either of them. Such requests shall be made at reasonable intervals, but not more frequently than once in any calendar year.
- (d) In addition to the insurance referred to in Section 11.12, Manager shall arrange for such directors' and officers' liability and other similar insurance as the Board may request, from time to time.
- (e) FHT shall be responsible for the costs of the insurance maintained pursuant hereto.

### **11.13 Force Majeure**

- (a) No Party hereto shall be deemed to be in default with respect to non-performance of its obligations hereunder to the extent that its non-performance is due to an order of any court; an order or ruling of any agency, board, tribunal or similar body acting pursuant to any law, statute or statutory instrument; a strike, lockout, fire, flood, explosion, lightning or act of God or the Queen's enemies; or any other cause (whether similar or dissimilar to those enumerated) beyond its control; but lack of finances shall not, in any event, be a cause beyond the control of a Party.
- (b) A Party claiming suspension of its obligations as aforesaid shall notify the other in writing as soon as practical of any such anticipated delay in its ability to perform hereunder and the nature and details thereof, the anticipated duration of such condition, and the action which that Party proposes to take with respect to such condition, and shall promptly remedy the cause and effect of the force majeure insofar as it is reasonably able so to do; provided that the terms of settlement of any strike, lockout or other industrial disturbance shall be wholly in the discretion of the Party claiming suspension of its obligations hereunder by reason thereof and that Party shall not be required to accede to the demands of its opponents in any strike, lockout or industrial disturbance solely to remedy promptly the force majeure thereby constituted. After a Party's ability to perform its obligations hereunder has been restored, it shall promptly notify the other Party in writing thereof.

## **ARTICLE 12 OTHER MANAGED PROPERTIES**

### **12.1 Managed Properties**

The Corporation, FHT and the Partnership each acknowledge that Manager may manage other properties for and on behalf of either itself, or any Third Party. None of the Corporation, FHT or the Partnership shall have any share of the fees or interests of Manager under agreements relating to the management of such other properties, nor any liability for any of Manager's obligations in respect thereof.

### **12.2 Meaning of "Managed"**

For purposes hereof, the interest of a Person in an asset will be "managed" by Manager if Manager provides services to such Person which are similar to the services provided by Manager under Article 2 and Article 4. Acting as Operator will not, by itself, constitute managing an interest.

## **ARTICLE 13 NOTICES**

### **13.1 Giving and Deemed Receipt of Notices**

Whether or not so stipulated herein, each notice, communication or statement (herein called a "**notice**") required or permitted hereunder shall be in writing. A notice may be served:

- (a) by delivering it to the Party to whom it is being given at that Party's address for notices hereunder, during normal business hours of the addressee on a Business Day. Such notice shall be deemed received by the addressee when actually delivered as aforesaid; or
- (b) by telecopier (or by any other like method by which a written and recorded message may be sent) directed to the Party to whom it is being given at that Party's telecopy number for notices

hereunder. Such notices shall be deemed received by the addressee thereof (i) when actually received by it if sent within the normal working hours of a Business Day (ii) otherwise at the commencement of the next ensuing Business Day following transmission thereof.

### **13.2 Addresses**

The address and facsimile number for notices hereunder of each of the Parties shall be as follows:

Corporation, FHT and Partnership:

Freehold Royalties Ltd.  
400, 144 - 4 Avenue SW  
Calgary, Alberta T2P 3N4  
Attention: President and Chief Executive Officer  
Facsimile: (403) 221-0888

Manager and Rife:

Rife Resources Management Ltd.  
400, 144 - 4 Avenue SW  
Calgary, Alberta T2P 3N4  
Attention: President and Chief Executive Officer  
Facsimile: (403) 221-0888

### **13.3 Change of Address**

A Party may change its address or facsimile number for notices hereunder by notice to the other Parties.

## **ARTICLE 14 MISCELLANEOUS**

### **14.1 Assignment**

No Party shall dispose of its interest in this Agreement without the prior written consent of the other Parties, provided that a Party may mortgage, pledge, charge or grant a security interest in this Agreement without the approval of the other Parties to secure its obligations and liabilities to Third Parties.

### **14.2 Enurement**

Subject to Section 14.1, this Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

### **14.3 Waivers in Writing**

No waiver by any Party of any breach of any of the covenants, conditions and provisions herein contained shall be effective or be binding on any other Party unless such waiver is expressed in writing and any waiver to expressed shall not limit or affect its rights with respect to any other or future breach.

**14.4 Time of Essence**

Time is of the essence of this Agreement.

**14.5 No Partnership**

Nothing herein shall be construed as creating a partnership and no Party shall have any partnership rights or liabilities hereunder or in connection herewith.

**14.6 Severability**

The terms and provisions of this Agreement are severable. In the event of the unenforceability or invalidity of any one or more of the terms or provisions of this Agreement under applicable law, such unenforceability or invalidity shall not render any of other terms or provisions hereof unenforceable or invalid and the Parties agree that this Agreement shall be construed as if such unenforceable or invalid term or provision was never contained herein.

**14.7 Amendments**

No amendment, alteration or variation of this Agreement or any of its terms or provision shall be binding upon the Parties unless made in writing and signed by the duly authorized representatives of each of the Parties and (other than such amendments not, in the opinion of counsel for the Corporation, prejudicial to the interests of Shareholders) approved by an ordinary resolution of the Shareholders.

**14.8 Amendment and Restatement**

This amended and restated management agreement replaces and supercedes the Third Amended and Restated Management Agreement dated January 23, 2015 among Rife Resources Management Ltd., Freehold Royalties Ltd., 1872348 Alberta Ltd. and Freehold Royalties Partnership.

**14.9 Governance Agreement**

The Corporation and Manager agree that the governance agreement dated effective December 31, 2010 between them remains in full force and effect, unamended as of the date hereof. Upon termination of this Agreement or the Management Period, the Corporation agrees to give reasonable consideration to continued rights of nomination with respect to Board representation by the Manager based on shareholdings, among other things.

**14.10 Survival**

The rights and obligations set forth in Sections 8.10, 8.11, 10.5, 10.7, 11.9, 11.10 and 14.9 shall survive and continue after the termination of this Agreement.

**ARTICLE 15  
CONCERNING FHT TRUSTEE**

**15.1 Acknowledgment**

The Parties hereto acknowledge that the FHT Trustee is entering into this agreement solely in its capacity as trustee on behalf of FHT and the obligations of FHT hereunder shall not be personally binding upon the FHT Trustee or any of the unitholders of FHT and that any recourse against

FHT or any such unitholder in any manner in respect of any indebtedness, obligation or liability of FHT arising hereunder or arising in connection herewith or from the matters to which this agreement relates, if any, including without limitation claims based on negligence or otherwise tortious behaviour, shall be limited to, and satisfied only out of, the Trust Property as defined in the trust indenture dated as of January 23, 2015, as amended from time to time.

*[Remainder of page intentionally left blank.]*

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed the date first above written.

**RIFE RESOURCES MANAGEMENT LTD.**

Per: (signed) "Thomas J. Mullane"

**RIFE RESOURCES LTD.**

Per: (signed) "Peter T. Harrison"

**FREEHOLD ROYALTIES LTD.**

Per: (signed) "D. Nolan Blades"

**1872348 ALBERTA LTD.,** in its capacity as trustee  
of **FREEHOLD HOLDINGS TRUST**

Per: (signed) "Thomas J. Mullane"

**FREEHOLD ROYALTIES PARTNERSHIP,** by  
its managing partner, **FREEHOLD ROYALTIES  
LTD.**

Per: (signed) "D. Nolan Blades"